

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name South Branch Township	County Crawford
Audit Date 3/31/05	Opinion Date 7/12/05	Date Accountant Report Submitted to State: 9/20/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, P.C.			
Street Address P.O. Box 746		City Roscommon	State MI
Accountant Signature 		ZIP 48653	
		Date 9/20/05	

Digitally signed by James M. Anderson, CPA
DN: cn=James M. Anderson, C=US,
o=Anderson & Decker, PC,
email=jma@m33access.com
Date: 2005.09.20 10:36:51 -04'00'

**TOWNSHIP OF SOUTH BRANCH
CRAWFORD COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2005**

TOWNSHIP OFFICIALS

Supervisor

Tom Kozlowski

Clerk

Laura Smith

Treasurer

Suzanne Luck

TRUSTEES

Paul Musselman

Michael Janisse

TOWNSHIP OF SOUTH BRANCH

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TOWNSHIP OF SOUTH BRANCH

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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
(989) 275-8831

INDEPENDENT AUDITORS' REPORT

July 12, 2005

Township Board
South Branch Township
Crawford County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of South Branch, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on these financial statements on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of South Branch, as of March 31, 2005, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005

The management's discussion and analysis on pages 2-7 and budgetary comparison information on pages 26-38 are not a required part of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF SOUTH BRANCH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of South Branch Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005.

Financial Highlights

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$1,651,541 (*net assets*). Of this amount, \$1,072,000 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$170,378.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$499,358, an increase of \$35,157 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$499,358 or 191% of total general expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

TOWNSHIP OF SOUTH BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and other. The Township does not have any business-type activities as of and for the year ended March 31, 2005.

The Government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains seven governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Ambulance, Refuse, Road, Cemetery and Liquor Law Enforcement Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found of pages 10-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWNSHIP OF SOUTH BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-25 of this report.

Government-wide Financial Analysis

(Because this is the first year of implementation of Governmental Accounting Standards Board Statement No. 34, which requires, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of Township-wide data will be presented.)

A portion of the Township's net assets (35%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

	<u>Governmental Activities</u>
Current and Other Assets	\$ 1,099,962
Capital Assets, Net	<u>625,458</u>
Total Assets	1,725,420
Current Liabilities	45,917
Long-Term Liabilities	<u>27,962</u>
Total Liabilities	73,879
Net Assets:	
Invested in Capital Assets, Net	
Of Related Debt	579,541
Unrestricted	<u>1,072,000</u>
Total Net Assets	<u><u>\$ 1,651,541</u></u>

TOWNSHIP OF SOUTH BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$170,378 during the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$72,181 or 14%, during fiscal year 2005.

Township's Changes in Net Assets

	<u>Governmental Activities</u>
Revenue:	
Program Revenue:	
Charges for services	\$ 47,107
Operating Grants and Contributions	22,520
General Revenue:	
Property Taxes	505,748
State-Shared Revenues	139,019
Interest and Rent Earnings	10,508
Other	<u>10,901</u>
Total Revenue	<u>735,803</u>
Expenses:	
General Government	238,388
Public Safety	176,015
Public Works	149,178
Other	<u>1,844</u>
Total Expenses	<u>565,425</u>
Increase in Net Assets	170,378
Net Assets, Beginning of Year	<u>1,481,163</u>
Net Assets, End of Year	<u><u>\$ 1,651,541</u></u>

Governmental activities. The Township's total governmental revenues increased by \$51,050 from last fiscal year. This was primarily attributed to additional revenue from property taxes. Expenses decreased by \$141,412. The decrease was primarily due to decreased fire protection expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWNSHIP OF SOUTH BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,083,258, an increase of \$109,455 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 191% of total general fund expenditures.

The fund balance of the General Fund increased by \$35,157 during the current fiscal year.

General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Ambulance, Refuse, Road, Cemetery and Liquor Law Funds.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounted to \$625,458 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$62,075 for the fiscal year.

Township's Capital Assets
(net of depreciation)

Land	\$ 2,520
Buildings and Improvements	380,726
Machinery and Equipment	29,151
Vehicles	<u>213,061</u>
Total	<u>\$ 625,458</u>

Additional information on the Township's capital assets can be found in note F on page 23 of this report.

TOWNSHIP OF SOUTH BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2005-2006 fiscal year:

- . The State of Michigan has made significant cuts in their operating budgets due to a down turn of the economy. For 2004-2005, the Township received \$139,019 in state shared revenues, representing 47% of the revenues in the General Fund. The amounts of state shared revenues for future periods is uncertain and will affect the Township's budget.
- . The Township has reduced the fringe benefit costs through the initiation of a new master plan.
- . As costs increase, the Township Board will be forced to evaluate non-mandatory services and consider alternative revenue sources to continue the existing services.
- . The Fire and Ambulance services are continually reviewing needs for equipment to meet the needs of the taxpayers. Currently, this includes a new water truck and possible a new ambulance.
- . The Township is considering building a new storage area for record retention.
- . As our master plan is fully initiated the Township will be considering the establishment of a zoning department.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

South Branch Township
P.O. Box 606
Roscommon, MI 48653

TOWNSHIP OF SOUTH BRANCH
STATEMENT OF NET ASSETS
MARCH 31, 2005

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash and investments	\$ 999,822
Receivables:	
Accounts Receivable	9,743
Delinquent Taxes	63,363
Other Governmental Units	<u>27,034</u>
Total Current Assets	1,099,962
Non-Current Assets:	
Capital Assets - Net	<u>625,458</u>
Total Assets	<u>1,725,420</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	16,704
Current Portion of Long-Term Debt	<u>29,213</u>
Total Current Liabilities	<u>45,917</u>
Long-Term Liabilities:	
Notes Payable	<u>27,962</u>
Total Liabilities	<u>73,879</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	579,541
Unrestricted	<u>1,072,000</u>
Total Net Assets	<u><u>\$ 1,651,541</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Administration	\$ (238,388)	\$ 16,693	\$ -0-	\$ -0-	\$ (221,695)
Public Safety	(176,015)	30,179	2,086	-0-	(143,750)
Public Works	(149,178)	235	20,434	-0-	(128,509)
Interest on Long-Term Debt	<u>(1,844)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,844)</u>
Total Governmental Activities	<u>\$ (565,425)</u>	<u>\$ 47,107</u>	<u>\$ 22,520</u>	<u>\$ -0-</u>	<u>(495,798)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purpose					143,393
Public Safety					233,364
Public Works					128,991
State Shared Revenue not restricted to specific purposes					139,019
Miscellaneous					10,901
Investment Earnings					<u>10,508</u>
Total General Revenues					<u>666,176</u>
Change in Net Assets					170,378
Net Assets - April 1					<u>1,481,163</u>
Net Assets - March 31					<u>\$ 1,651,541</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

ASSETS	<u>General</u>	<u>Fire</u>
Cash and investments	\$ 473,938	\$ 270,051
Taxes receivable	19,541	19,811
Due from other Governmental Units	19,462	-0-
Accounts receivable	1,050	-0-
Due from other funds	<u>4,148</u>	<u>-0-</u>
Total Assets	<u>\$ 518,139</u>	<u>\$ 289,862</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 9,781	\$ 844
Due to other funds	<u>9,000</u>	<u>-0-</u>
Total Liabilities	<u>18,781</u>	<u>844</u>
Fund Equity:		
Fund balance:		
Undesignated	<u>499,358</u>	<u>289,018</u>
Total Fund Equity	<u>499,358</u>	<u>289,018</u>
Total Liabilities and Fund Equity	<u>\$ 518,139</u>	<u>\$ 289,862</u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance</u>	<u>Refuse</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 125,514	\$ 84,723	\$ 45,596	\$ 999,822
6,007	17,491	513	63,363
-0-	-0-	7,572	27,034
8,693	-0-	-0-	9,743
<u>9,000</u>	<u>-0-</u>	<u>-0-</u>	<u>13,148</u>
<u>\$ 149,214</u>	<u>\$ 102,214</u>	<u>\$ 53,681</u>	<u>\$ 1,113,110</u>

\$ 1,388	\$ 4,674	\$ 17	\$ 16,704
<u>-0-</u>	<u>-0-</u>	<u>4,148</u>	<u>13,148</u>
<u>1,388</u>	<u>4,674</u>	<u>4,165</u>	<u>29,852</u>

<u>147,826</u>	<u>97,540</u>	<u>49,516</u>	<u>1,083,258</u>
<u>147,826</u>	<u>97,540</u>	<u>49,516</u>	<u>1,083,258</u>
<u>\$ 149,214</u>	<u>\$ 102,214</u>	<u>\$ 53,681</u>	<u>\$ 1,113,110</u>

TOWNSHIP OF SOUTH BRANCH
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
MARCH 31, 2005

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES	\$ 1,083,258
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated depreciation.	625,458
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Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(57,175)</u>
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 1,651,541</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
 FUND BALANCE - GOVERNMENTAL FUND TYPES
 YEAR ENDED MARCH 31, 2005

	General	Fire	Ambulance
Revenues:			
Taxes and assessments	\$ 143,393	\$ 178,516	\$ 54,848
Intergovernmental	139,019	1,371	-0-
Charges for services	11,213	1,100	29,079
Licenses and permits	391	-0-	-0-
Interest	1,687	3,082	2,967
Other	<u>1,072</u>	<u>4,453</u>	<u>4,715</u>
Total Revenues	<u>296,775</u>	<u>188,522</u>	<u>91,609</u>
Expenditures:			
General government	200,454	-0-	-0-
Fire	-0-	96,911	-0-
Law enforcement	-0-	-0-	-0-
Ambulance	-0-	-0-	65,272
Sanitation	-0-	-0-	-0-
Road projects	-0-	-0-	-0-
Cemetery	-0-	-0-	-0-
Fringe Benefits	34,441	-0-	-0-
Street Lights	1,723	-0-	-0-
Debt service:			
Principal	-0-	54,746	-0-
Interest and fees	<u>-0-</u>	<u>1,844</u>	<u>-0-</u>
Total Expenditures	<u>236,618</u>	<u>153,501</u>	<u>65,272</u>
Excess:			
Revenue over (under) expenditures	<u>60,157</u>	<u>35,021</u>	<u>26,337</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers (out)	<u>(25,000)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>-0-</u>	<u>-0-</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	<u>35,157</u>	<u>35,021</u>	<u>26,337</u>
Fund Balance - April 1	447,211	253,997	121,489
Prior Period Adjustment	<u>16,990</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance April 1 (restated)	<u>464,201</u>	<u>253,997</u>	<u>121,489</u>
Fund Balance - March 31	<u>\$ 499,358</u>	<u>\$ 289,018</u>	<u>\$ 147,826</u>

The accompanying notes are an integral part of these financial statements.

<u>Refuse</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 124,715	\$ 4,276	\$ 505,748
-0-	4,726	145,116
-0-	-0-	41,392
235	-0-	626
2,241	531	10,508
<u>661</u>	<u>21,512</u>	<u>32,413</u>
<u>127,852</u>	<u>31,045</u>	<u>735,803</u>
-0-	-0-	200,454
-0-	-0-	96,911
-0-	506	506
-0-	-0-	65,272
115,590	-0-	115,590
-0-	25,137	25,137
-0-	29,724	29,724
-0-	-0-	34,441
-0-	-0-	1,723
-0-	-0-	54,746
<u>-0-</u>	<u>-0-</u>	<u>1,844</u>
<u>115,590</u>	<u>55,367</u>	<u>626,348</u>
<u>12,262</u>	<u>(24,322)</u>	<u>109,455</u>
-0-	25,000	25,000
<u>-0-</u>	<u>-0-</u>	<u>(25,000)</u>
<u>-0-</u>	<u>25,000</u>	<u>-0-</u>
<u>12,262</u>	<u>678</u>	<u>109,455</u>
85,278	48,838	956,813
<u>-0-</u>	<u>-0-</u>	<u>16,990</u>
<u>85,278</u>	<u>48,838</u>	<u>973,803</u>
<u>\$ 97,540</u>	<u>\$ 49,516</u>	<u>\$ 1,083,258</u>

TOWNSHIP OF SOUTH BRANCH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 109,455

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds do not report long-term debt;
therefore, debt service payments are recorded as
expenditures. However in government-wide financial
statements, long-term debt is recorded as a liability
and payments are applied against the outstanding balances. 54,746

Governmental funds report capital outlays as expenditures.
However in the statement of activities, the cost of these
assets are capitalized and depreciation charged to expense
over their useful life. 6,177

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 170,378

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2005

ASSETS	
Cash and Investments	\$ <u>4,838</u>
LIABILITIES	
Undistributed Collections	<u>4,838</u>
Total Liabilities	<u>4,838</u>
NET ASSETS	
Net Assets	\$ <u><u>-0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED MARCH 31, 2005

REVENUES	
Property Tax Collections	\$ 2,534,530
Interest Collections	<u>4,294</u>
Total Revenues	<u>2,538,824</u>
EXPENDITURES	
Property Taxes	2,534,530
Other	<u>4,294</u>
Total Expenditures	<u>2,538,824</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005

NOTE A: ENTITY

The Township of South Branch is a general law township of the state of Michigan located in Crawford County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of South Branch (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of South Branch conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2004, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - And Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire service. The main source of revenue is derived from property taxes.

The *Ambulance Fund* is used to account for activity related to the Township's ambulance services. The major source of revenue is from property taxes and ambulance fees.

The *Refuse Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The Township reports, in total, the following non-major governmental funds:

Road Fund
Cemetery Fund
Liquor Law Fund

Additionally, the Township reports the following fund types:

Agency Funds are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2004, are recorded as revenue in the current year. The Township's taxable value for the 2004 tax year totaled \$75,555,840.

The tax rates for the year ended March 31, 2005, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	1.8651 mills per \$1,000
Fire	2.5000 mills per \$1,000 (real property only)
Ambulance	1.0000 mills per \$1,000 (specific parcels only)
Refuse	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 999,822	Petty Cash	\$ 606
		Checking and Savings Account	999,216
Total	<u>\$ 999,822</u>	Total	<u>\$ 998,822</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$999,216 and the bank balance was \$1,009,265. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 24% of the total bank balance was covered by federal depository insurance.

The Government Accounting Standards Board Statement No. 3 risk disclosures for South Branch Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 239,269	\$ 241,079
Uninsured and Uncollateralized	756,947	768,186
Total Deposits	<u>\$ 999,216</u>	<u>\$ 1,009,265</u>

Investments - P.A. 20 of 1943, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of miscellaneous receivables of \$1,050 and ambulance billings of \$8,693, totaling \$9,743.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the State of Michigan of \$27,034.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

<u>Primary Government</u>	<u>Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Land	<u>\$ 2,520</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,520</u>
Total capital Assets, not being depreciated	<u>2,520</u>	<u>-0-</u>	<u>-0-</u>	<u>2,520</u>
Capital assets, being depreciated:				
Building and improvements	560,611	48,649	-0-	609,260
Machinery and equipment	245,078	13,426	-0-	258,504
Vehicles	<u>457,240</u>	<u>-0-</u>	<u>-0-</u>	<u>457,240</u>
Total capital assets, being depreciated	<u>1,262,929</u>	<u>62,075</u>	<u>-0-</u>	<u>1,325,004</u>
Less accumulated depreciation for:				
Buildings and improvements	208,056	20,478	-0-	228,534
Machinery and equipment	220,721	8,632	-0-	229,353
Vehicles	<u>217,391</u>	<u>26,788</u>	<u>-0-</u>	<u>244,179</u>
Total accumulated depreciation	<u>646,168</u>	<u>55,898</u>	<u>-0-</u>	<u>702,066</u>
Net capital assets, being depreciated	<u>616,761</u>	<u>6,177</u>	<u>-0-</u>	<u>622,938</u>
Net governmental activities capital assets	<u>\$ 619,281</u>	<u>\$ 6,177</u>	<u>\$ -0-</u>	<u>\$ 625,458</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 7,816
Public safety	47,710
Public works	<u>372</u>
Total depreciation expense - governmental activities	<u>\$ 55,898</u>

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE G - PENSION PLAN

The Township has a pension plan covering substantially all of its elected and appointed officials and employees. The plan is maintained with the Manufacturers Life Insurance Company. The Township contributes 10% of gross pay for each eligible employee. Total pension expense for the year was \$5,840. The plan provides fully insured pension credits and each year's contributions sufficient to fully fund the benefits earned during the year. Payments to the plan have been used to purchase pension benefits, so there are no separate plan assets.

NOTE H - LONG-TERM DEBT

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005	Due Within One Year
<u>Governmental Activities</u>					
Major Governmental Funds					
Fire Truck Note	\$ 111,921	\$ -0-	\$ 54,746	\$ 57,175	\$ 29,213

Fire Truck Note

On August 19, 2003, South Branch Township Board signed an installment promissary note with Citizens Banking Corporation in the amount of \$140,000. The proceeds were used to purchase a new fire truck. Annual installments of \$31,500 are due August 19th of each year with an accrued interest rate of 4%.

ANNUAL DEBT SERVICE REQUIREMENTS:

Year Ending	
March 31,	
2006	\$ 31,500
2007	27,589
	59,089
Less Interest	(1,914)
Total Principal Outstanding	\$ 57,175

TOWNSHIP OF SOUTH BRANCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE I - INSURANCE

The Township is exposed to various risks of losses to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Township participates in the Michigan Municipal Liability and Property Pool, as self-insured group. The pool is considered a public entity risk pool. The Township pays annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage, nor were there any significant claims for the year. The Township carries commercial insurance for other types of losses including employee health and accident insurance.

NOTE J - PRIOR PERIOD ADJUSTMENT

The Township receives periodic payments from the State of Michigan for State Revenue Sharing. The payment received in May each year is for the months of January and February. In accordance with GASB Statement No. 34, an accrual was made to record the receivable as of March 31, 2005 and, consequently, a prior period adjustment for the prior year receivable of \$16,990 resulting in a restated General Fund beginning fund balance of \$464,201.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF SOUTH BRANCH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	<u>\$ 134,931</u>	<u>\$ 134,931</u>	<u>\$ 143,393</u>	<u>\$ 8,462</u>
Total Taxes and Assessments	<u>134,931</u>	<u>134,931</u>	<u>143,393</u>	<u>8,462</u>
Intergovernmental:				
State shared revenues	<u>123,500</u>	<u>123,500</u>	<u>126,059</u>	<u>2,559</u>
State swamp tax	<u>13,000</u>	<u>13,000</u>	<u>12,960</u>	<u>(40)</u>
Total Intergovernmental	<u>136,500</u>	<u>136,500</u>	<u>139,019</u>	<u>2,519</u>
Charges for Services:				
Fees	<u>8,800</u>	<u>8,800</u>	<u>11,007</u>	<u>2,207</u>
Rent	<u>-0-</u>	<u>-0-</u>	<u>206</u>	<u>206</u>
Total Charges for Services	<u>8,800</u>	<u>8,800</u>	<u>11,213</u>	<u>2,413</u>
Licenses and Permits	<u>-0-</u>	<u>-0-</u>	<u>391</u>	<u>391</u>
Interest	<u>2,000</u>	<u>2,000</u>	<u>1,687</u>	<u>(313)</u>
Other:				
Reimbursements	<u>-0-</u>	<u>-0-</u>	<u>1,072</u>	<u>1,072</u>
Total Other	<u>-0-</u>	<u>-0-</u>	<u>1,072</u>	<u>1,072</u>
Total Revenue	<u>282,231</u>	<u>282,231</u>	<u>296,775</u>	<u>14,544</u>

TOWNSHIP OF SOUTH BRANCH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Wages	\$	\$	\$ 3,091	\$
Per Diems			782	
Office Supplies			1,286	
Postage			477	
Contractual Services			7,040	
Professional services			942	
Communications			2,340	
Travel			159	
Meals			35	
Education & Training			940	
Printing and publishing			2,972	
Insurance			200	
Repair & maintenance			18	
Dues & Subscriptions			2,528	
Fees			1,058	
Capital outlay			3,521	
Total Township Board	<u>27,060</u>	<u>27,060</u>	<u>27,389</u>	<u>(329)</u>
Township Supervisor:				
Wages			10,715	
Postage			35	
Office supplies			549	
Travel			73	
Meals			23	
Education & Training			433	
Printing & Publishing			45	
Total Township Supervisor	<u>14,775</u>	<u>14,775</u>	<u>11,873</u>	<u>2,902</u>
Township Assessor:				
Wages			1,934	
Office Supplies			441	
Postage			1,041	
Operating Supplies			104	
Contractual Services			48,216	
Internet			115	
Legal Services			34,071	
Education & Training			150	
Publications & Printing			207	
Total Township Assessor	<u>69,080</u>	<u>69,090</u>	<u>86,279</u>	<u>(17,189)</u>

TOWNSHIP OF SOUTH BRANCH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Election Board:				
Contractual services	\$	\$	\$ 1,588	\$
Postage			135	
Operating supplies			533	
Meals			187	
Education & training			150	
Publication & Printing			109	
Total Election Board	<u>2,000</u>	<u>2,000</u>	<u>2,702</u>	<u>(702)</u>
Township Clerk:				
Wages			24,682	
Office supplies			591	
Postage			67	
Operating supplies			1,963	
Contractual services			101	
Travel			700	
Meals			117	
Education & training			512	
Insurance			55	
Repair & maintenance			881	
Dues & subscriptions			292	
Fees			10	
Total Township Clerk	<u>36,372</u>	<u>36,372</u>	<u>29,971</u>	<u>6,401</u>
Township Treasurer:				
Wages			24,079	
Office supplies			350	
Postage			3,381	
Operating supplies			371	
Contractual services			569	
Professional services			95	
Education & training			70	
Publication & printing			172	
Insurance			10	
Dues & subscriptions			89	
Miscellaneous			353	
Total Township Treasurer	<u>36,372</u>	<u>36,372</u>	<u>29,539</u>	<u>6,833</u>

TOWNSHIP OF SOUTH BRANCH
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
General Government (continued)				
Board of Review:	\$	\$	\$	\$
Wages			871	
Operating supplies			20	
Education & training			130	
Publication & printing			323	
Total Board of Review	<u>2,100</u>	<u>2,100</u>	<u>1,344</u>	<u>756</u>
Township Hall:				
Operating supplies			246	
Contractual services			4,246	
Communications			200	
Heat			3,215	
Electric			1,530	
Repair & maintenance			521	
Total Township Hall	<u>13,277</u>	<u>13,277</u>	<u>9,958</u>	<u>3,319</u>
Planning:				
Per Diem			255	
Contractual services			967	
Publication & Printing			177	
Total Planning	<u>-0-</u>	<u>-0-</u>	<u>1,399</u>	<u>(1,399)</u>
Total General Government	<u>201,036</u>	<u>201,046</u>	<u>200,454</u>	<u>592</u>
Street Lights	<u>2,200</u>	<u>2,200</u>	<u>1,723</u>	<u>477</u>
Fringe Benefits:				
Blue Cross Blue Shield			18,783	
Social security			5,034	
Michigan unemployment			1,506	
Pension			5,840	
Insurance & Bonds			2,849	
Group Life Insurance			429	
Total Fringe Benefits	<u>48,030</u>	<u>48,030</u>	<u>34,441</u>	<u>13,589</u>
Total Expenditures	<u>251,266</u>	<u>251,276</u>	<u>236,618</u>	<u>14,658</u>

TOWNSHIP OF SOUTH BRANCH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess:				
Revenues over (under) expenditures	<u>\$ 30,965</u>	<u>\$ 30,955</u>	<u>\$ 60,157</u>	<u>\$ 29,202</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(25,000)</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(25,000)</u>	<u>(5,000)</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	<u>10,965</u>	<u>10,955</u>	<u>35,157</u>	<u>24,202</u>
Fund Balance - April 1	447,211	447,211	447,211	-0-
Prior Period Adjustment	<u>-0-</u>	<u>-0-</u>	<u>16,990</u>	<u>16,990</u>
Fund Balance - April 1 (restated)	<u>447,211</u>	<u>447,211</u>	<u>464,201</u>	<u>16,990</u>
Fund Balance - March 31	<u>\$ 458,176</u>	<u>\$ 458,166</u>	<u>\$ 499,358</u>	<u>\$ 41,192</u>

TOWNSHIP OF SOUTH BRANCH
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 166,944	\$ 166,944	\$ 178,516	\$ 11,572
State	-0-	-0-	1,371	1,371
Charges for services	2,000	2,000	1,100	(900)
Interest	1,500	1,500	3,082	1,582
Other	-0-	-0-	4,453	4,453
Total Revenues	<u>170,444</u>	<u>170,444</u>	<u>188,522</u>	<u>18,078</u>
Expenditures:				
Wages	27,000	27,000	27,320	(320)
Fringe benefits	-0-	-0-	2,090	(2,090)
Utilities	4,000	4,000	3,690	310
Office supplies	900	900	439	461
Communication	2,000	2,000	971	1,029
Training & education	3,000	3,000	375	2,625
Insurance	7,600	7,600	10,521	(2,921)
Supplies/repairs/maintenance	23,000	23,000	18,266	4,734
Services	4,500	4,500	4,258	242
Travel & meals	1,500	1,500	1,102	398
Miscellaneous	1,000	1,000	507	493
Equipment/building	21,000	21,000	27,372	(6,372)
Principal	35,000	35,000	54,746	(19,746)
Interest	-0-	-0-	1,844	(1,844)
Total Expenditures	<u>130,500</u>	<u>130,500</u>	<u>153,501</u>	<u>(23,001)</u>
Excess:				
Revenues over (under) expenditures	39,944	39,944	35,021	(4,923)
Fund Balance - April 1	<u>253,997</u>	<u>253,997</u>	<u>253,997</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 293,941</u>	<u>\$ 293,941</u>	<u>\$ 289,018</u>	<u>\$ (4,923)</u>

TOWNSHIP OF SOUTH BRANCH
 AMBULANCE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 55,362	\$ 51,862	\$ 54,848	\$ 2,986
Charges for services	15,000	15,000	29,079	14,079
Interest	1,300	1,300	2,967	1,667
Other	<u>1,520</u>	<u>1,520</u>	<u>4,715</u>	<u>3,195</u>
Total Revenues	<u>73,182</u>	<u>69,682</u>	<u>91,609</u>	<u>21,927</u>
Expenditures:				
Wages	15,000	15,000	10,320	4,680
Fringe benefits	-0-	-0-	1,541	(1,541)
Utilities	4,000	4,000	4,253	(253)
Office supplies	1,750	1,750	625	1,125
Communication	2,500	2,500	1,049	1,451
Training & education	4,000	4,000	3,065	935
Insurance	2,675	2,675	3,231	(556)
Supplies/repairs/maintenance	6,000	6,000	4,018	1,982
Services	10,150	10,150	16,325	(6,175)
Travel & meals	3,500	3,500	3,932	(432)
Miscellaneous	1,750	1,750	373	1,377
Equipment/building	<u>21,200</u>	<u>21,200</u>	<u>16,540</u>	<u>4,660</u>
Total Expenditures	<u>72,525</u>	<u>72,525</u>	<u>65,272</u>	<u>7,253</u>
Excess:				
Revenues over (under) expenditures	657	(2,843)	26,337	29,180
Fund Balance - April 1	<u>121,489</u>	<u>121,489</u>	<u>121,489</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 122,146</u>	<u>\$ 118,646</u>	<u>\$ 147,826</u>	<u>\$ 29,180</u>

TOWNSHIP OF SOUTH BRANCH
REFUSE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 123,075	\$ 123,075	\$ 124,715	\$ 1,640
Charges for services	100	100	235	135
Interest	1,000	1,000	2,241	1,241
Other	<u>-0-</u>	<u>-0-</u>	<u>661</u>	<u>661</u>
Total Revenues	<u>124,175</u>	<u>124,175</u>	<u>127,852</u>	<u>3,677</u>
Expenditures:				
Wages	27,000	27,000	25,429	1,571
Fringe benefits	-0-	-0-	1,945	(1,945)
Utilities	1,000	1,000	1,405	(405)
Office supplies	500	500	147	353
Communication	1,000	1,000	789	211
Insurance	1,400	1,400	1,938	(538)
Supplies/repairs/maintenance	200	200	196	4
Services	92,400	92,400	83,535	8,865
Miscellaneous	-0-	-0-	206	(206)
Equipment/building	<u>400</u>	<u>400</u>	<u>-0-</u>	<u>400</u>
Total Expenditures	<u>123,900</u>	<u>123,900</u>	<u>115,590</u>	<u>8,310</u>
Excess:				
Revenues over (under) expenditures	275	275	12,262	11,987
Fund Balance - April 1	<u>85,278</u>	<u>85,278</u>	<u>85,278</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 85,553</u>	<u>\$ 85,553</u>	<u>\$ 97,540</u>	<u>\$ 11,987</u>

**OTHER
SUPPLEMENTAL
INFORMATION**

TOWNSHIP OF SOUTH BRANCH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2005

	<u>SPECIAL REVENUE FUNDS</u>			
ASSETS	<u>Road</u>	<u>Cemetery</u>	<u>Liquor</u>	<u>Totals</u>
Cash and investments	\$ 40,434	\$ 4,194	\$ 968	\$ 45,596
Taxes receivable	513	-0-	-0-	513
Due from other Governmental units	<u>7,572</u>	<u>-0-</u>	<u>-0-</u>	<u>7,572</u>
Total Assets	<u>\$ 48,519</u>	<u>\$ 4,194</u>	<u>\$ 968</u>	<u>\$ 53,681</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ 12	\$ 5	\$ 17
Due to other funds	<u>4,148</u>	<u>-0-</u>	<u>-0-</u>	<u>4,148</u>
Total Liabilities	<u>4,148</u>	<u>12</u>	<u>5</u>	<u>4,165</u>
Fund Balance:				
Undesignated	<u>44,371</u>	<u>4,182</u>	<u>963</u>	<u>49,516</u>
Total Fund Equity	<u>44,371</u>	<u>4,182</u>	<u>963</u>	<u>49,516</u>
Total Liabilities and Fund Equity	<u>\$ 48,519</u>	<u>\$ 4,194</u>	<u>\$ 968</u>	<u>\$ 53,681</u>

TOWNSHIP OF SOUTH BRANCH
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED MARCH 31, 2005

	SPECIAL REVENUE FUNDS			
	Road	Cemetery	Liquor	Totals
Revenues:				
Taxes	\$ 4,276	\$ -0-	\$ -0-	\$ 4,276
State	4,011	-0-	715	4,726
Interest	345	181	5	531
Other	<u>16,423</u>	<u>5,089</u>	<u>-0-</u>	<u>21,512</u>
Total Revenues	<u>25,055</u>	<u>5,270</u>	<u>720</u>	<u>31,045</u>
Expenditures:				
Wages	-0-	8,873	479	9,352
Fringe benefits	-0-	631	27	658
Utilities	-0-	132	-0-	132
Office supplies	-0-	686	-0-	686
Insurance	-0-	217	-0-	217
Supplies/repairs/maintenance	-0-	2,952	-0-	2,952
Services	25,137	996	-0-	26,133
Travel & meals	-0-	495	-0-	495
Miscellaneous	-0-	100	-0-	100
Equipment/building	<u>-0-</u>	<u>14,642</u>	<u>-0-</u>	<u>14,642</u>
Total Expenditures	<u>25,137</u>	<u>29,724</u>	<u>506</u>	<u>55,367</u>
Excess:				
Revenues over (under) expenditures	<u>(82)</u>	<u>(24,454)</u>	<u>214</u>	<u>(24,322)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-0-</u>	<u>25,000</u>	<u>-0-</u>	<u>25,000</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>25,000</u>	<u>-0-</u>	<u>25,000</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	(82)	546	214	678
Fund Balance - April 1	<u>44,453</u>	<u>3,636</u>	<u>749</u>	<u>48,838</u>
Fund Balance - March 31	<u>\$ 44,371</u>	<u>\$ 4,182</u>	<u>\$ 963</u>	<u>\$ 49,516</u>

TOWNSHIP OF SOUTH BRANCH
ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 4,447	\$ 4,447	\$ 4,276	\$ (171)
State	5,000	5,000	4,011	(989)
Interest	836	836	345	(491)
Other	<u>-0-</u>	<u>-0-</u>	<u>16,423</u>	<u>16,423</u>
Total Revenues	<u>10,283</u>	<u>10,283</u>	<u>25,055</u>	<u>14,772</u>
Expenditures:				
Road Improvements	<u>650</u>	<u>25,787</u>	<u>25,137</u>	<u>650</u>
Total Expenditures	<u>650</u>	<u>25,787</u>	<u>25,137</u>	<u>650</u>
Excess:				
Revenues over (under) expenditures	9,633	(15,504)	(82)	15,422
Fund Balance - April 1	<u>40,006</u>	<u>40,006</u>	<u>44,453</u>	<u>4,447</u>
Fund Balance - March 31	<u>\$ 49,639</u>	<u>\$ 24,502</u>	<u>\$ 44,371</u>	<u>\$ 19,869</u>

TOWNSHIP OF SOUTH BRANCH
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fees	\$ 2,500	\$ 2,500	\$ 5,089	\$ 2,589
Interest	<u>-0-</u>	<u>-0-</u>	<u>181</u>	<u>181</u>
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>5,270</u>	<u>2,770</u>
Expenditures:				
Wages	7,000	6,000	8,873	(2,873)
Fringe benefits	-0-	1,000	631	369
Utilities	150	150	132	18
Office supplies	400	400	686	(286)
Insurance	-0-	-0-	217	(217)
Supplies/repairs/maintenance	1,300	1,300	2,952	(1,652)
Services	300	300	996	(696)
Travel & meals	50	50	495	(445)
Miscellaneous	-0-	-0-	100	(100)
Equipment/building	<u>16,100</u>	<u>16,100</u>	<u>14,642</u>	<u>1,458</u>
Total Expenditures	<u>25,300</u>	<u>25,300</u>	<u>29,724</u>	<u>(4,424)</u>
Excess:				
Revenues over (under) expenditures	<u>(22,800)</u>	<u>(22,800)</u>	<u>(24,454)</u>	<u>(1,654)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	2,200	2,200	546	(1,654)
Fund Balance - April 1	<u>3,636</u>	<u>3,636</u>	<u>3,636</u>	<u>-0-</u>
Fund Balance - March 31	<u>\$ 5,836</u>	<u>\$ 5,836</u>	<u>\$ 4,182</u>	<u>\$ (1,654)</u>

TOWNSHIP OF SOUTH BRANCH
LIQUOR LAW FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State	\$ 715	\$ 715	\$ 715	\$ -0-
Interest	<u>-0-</u>	<u>-0-</u>	<u>5</u>	<u>5</u>
Total Revenues	<u>715</u>	<u>715</u>	<u>720</u>	<u>5</u>
Expenditures:				
Wagers	750	750	479	271
Fringe benefits	<u>100</u>	<u>100</u>	<u>27</u>	<u>73</u>
Total Expenditures	<u>850</u>	<u>850</u>	<u>506</u>	<u>344</u>
Excess:				
Revenues over (under) expenditures	(135)	(135)	214	349
Fund Balance - April 1	<u>749</u>	<u>749</u>	<u>749</u>	<u>-0-</u>
Fund Balance - March 31	<u><u>\$ 614</u></u>	<u><u>\$ 614</u></u>	<u><u>\$ 963</u></u>	<u><u>\$ 349</u></u>